

**Quadripartite Advisory Publication**  
(QAP)

Number 251 Edition 1

**GENERAL FINANCIAL AND CONTRACTING  
PRINCIPLES FOR MUTUAL LOGISTIC SUPPORT**

**DECLARATION OF ACCORD**

1. Introduction

The information contained in this Quadripartite Advisory Publication introduces those areas of a specialized or technical nature where standardization is not possible, but the identification and exchange of which achieves substantial gains in mutual understanding and co-operation.

2. Scope

The purpose of this document is to set out general financial and contracting principles, which apply to the provision of mutual logistic support during ABCA coalition operations.

3. Background Continuity and Related Documents.

This document was developed as a result of work/discussions carried out by SWP Finance and Contracting during 18 QWG Log, 13-19 Oct 99.

4. National Positions. The general consensus of the ABCA nations is that finance and contracting will remain a national responsibility and standardization of procedures and processes within these specialized areas is considered unachievable. Notwithstanding, participants agree the need for co-ordination of logistics support during coalition operations and agree with the general principles contained in this QAP.

5. Amendment.

The contents of this QAP should be revised as appropriate by contributing Armies, to reflect developments in national practices, and to maintain its currency.

Date:

D W WARNER  
COLONEL  
DIRECTOR  
PRIMARY STANDARDIZATION OFFICE

**QUADRIPARTITE ADVISORY PUBLICATION**  
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**GENERAL FINANCIAL AND CONTRACTING PRINCIPLES**  
**FOR MUTUAL LOGISTIC SUPPORT**

**AIM**

1. The aim of this QAP is to set out general financial and contracting principles that are applicable to the provision of mutual logistic support during ABCA coalition operations.

**APPLICATION**

2. ABCA Armies agree to observe the general principles and procedural guidelines provided in this QAP.

**MUTUAL LOGISTIC SUPPORT AGREEMENTS/ARRANGEMENTS**

3. The provision of mutual logistics support is to be in accordance with the policies and procedures contained in extant Agreements and Arrangements, which have been concluded between all ABCA nations.

4. Current agreements/arrangements include:

- a. Acquisition and Cross-Servicing Agreement (ACSA)  
- US/CA, US/UK, US/AS, and CA/UK;
- b. Mutual Logistics Support Arrangement - AS/CA;  
and
- c. Cooperative Logistics MOU - AS/UK.

5. Finance and Contracting are subsets of logistics support and in most operations, are likely to remain a national responsibility. Notwithstanding, there is a need for in-theatre coordination between coalition partners.

6. Agreed in-theatre procedures are to be detailed in operation-specific Technical/Implementing Arrangements (TA/IA).

## GENERAL FINANCIAL PRINCIPLES

7. Payment for any Mutual Logistics Support will be either by financial transfer (reimbursable transaction), or by exchange (in-kind or equal value). Payment will be actioned under the conditions set out in the following paragraphs.

8. Reimbursable Transaction. In pricing a reimbursable transaction, the following principles will apply:

- a. In the case of specific acquisition by the supplying Army from its contractors for a receiving Army, the price will be no less favourable than the price charged the armed forces by the contractor of the supplying Army for identical items or services. The price charged may take into account differentials due to delivery schedules, points of delivery, and other similar considerations;
- b. In the case of transfer from the supplying Army's own resources, the supplying Army will charge the same price as it charges its own forces for identical logistics support. In the case where price has not been established or charges are not applied in the supplying Army, the Armies will mutually determine a price in advance; and
- c. The Armies acknowledge that reciprocal pricing may include the charging of indirect costs (including fixed and variable overhead costs of receiving, storing and issues stores or equipment), administrative surcharges, and contract administration costs.

9. Exchange in Kind Transaction. Exchange in kind is carried out by transferring to the supplying Army logistics support that which is identical or substantially identical to the logistics support delivered or performed by the supplying Army and which is acceptable to the supplying Army.

10. Exchange for Equal Value Transaction. Payment is carried out by transferring to the supplying Army logistics support that which is equal in value to the logistics support delivered or performed by the supplying Army and which is acceptable to the supplying Army.

11. Loan of Equipment. Rental fees will be charged for the loan of equipment. The supplying Army may also recover incremental costs for additional expenses incurred as a result of the loan. These incremental costs may include transportation, packaging, loss, damage beyond fair wear and tear, repairs, laundering, and any preparatory work required to adapt the material to the requirements of the borrower and upon return of the material, to restore it to its original condition.

## **GENERAL CONTRACTING PRINCIPLES**

12. Contracting in ABCA coalition operations is to be based on the following principles:

- a. Contracting will remain a national responsibility;
- b. Where practicable, a lead-Army should be assigned contracting responsibility for a particular commodity or service on behalf of the Armies;
- c. Access to and distribution of available resources, where limited, is to be in accordance with operational priorities, as determined by coalition headquarters; and
- d. Contracting effort is to be coordinated in-theatre in order to achieve best pricing and reduce duplication of effort. Consideration should be given to the establishment of an in-theatre contract coordinating organization.

## **CONCLUSION**

13. In ABCA coalition operations it will be normal for mutual logistics support to be provided on a multi or bi-lateral basis. The provision of this support is to be in accordance with the policies and procedures contained in extant Agreements and Arrangements between ABCA nations.

14. In general, finance and contracting will remain a national responsibility, but will need in-theatre coordination.

15. Specific in-theatre financial and contracting procedures are to be detailed in operation-specific Technical/Implementing Arrangements (TA/IA).